

MINUTES OF THE McKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE MEETING

June 22, 1988

A meeting of the Employee Benefits Committee was held at the Company's offices on June 22, 1988. Present from the Committee were Alan J. Seelenfreund, Chairman, Rex R. Malson, Donald B. Dahlin, James I. Johnston, Ronald C. Anderson, and Joseph L. Garde. Present from the staff were Ivan Meyerson, Christopher Maher and Caroline Weir. Present for the latter part of the meeting from staff was Terry Finney. Present for the discussion of the long-term disability plan was Robert Blum of Orrick, Herrington, & Sutcliffe.

I. The minutes of the meeting of the Committee held on April 14, 1988 were approved after correction of the following points:

The meeting date is corrected from April 13, 1988 to April 14, 1988;

The implementation date for cost sharing in the health plan, referenced in section IIB of the minutes, is corrected from January 1, 1988 to January 1, 1989; and,

The ESOP diversification rules referenced in section IID of the minutes were reported to apply to participants who are age 55 and have 10 or more years of 'service'. The word 'participation' is substituted for 'service'.

II. Old Business

A. Proposal to Fund Deficiency in McKesson Corporation Employees' Long-Term Disability Plan.

Staff outlined the options to restore the LTD plan to adequate funding. These include raising employee contributions, reducing benefits, making an employer contribution, or some combination of these alternatives.

A lengthy discussion of these options then ensued, including review of the impact on plan enrollment of implementing each option, the tax affect on participants and the accounting and cash flow affect on the Company.

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The Committee was uncomfortable with the magnitude of the proposed 3.7 million dollar company contribution and asked the staff to further review the Committee's options with the objective of minimizing the affect on both the Company and the employees.

B. **Proposal to Grant Creditable Service Under the Retirement Plan to Visitation Associates' Employees That Are Rehired By McKesson Corporation**

The Committee approved the following resolution after discussion:

RESOLVED; that Section 3. "Vesting and Breaks in Service" is amended by adding the following subsection at the end thereof:

"(4) Special Rule for Certain Employees of Visitation Associates. If a Participant was employed by McKesson Corporation ("McKesson"), thereafter immediately became employed by Visitation Associates (a joint venture in which McKesson participated), and thereafter immediately became employed by McKesson, his service with Visitation Associates shall be treated as service with McKesson for all purposes under this Plan."

III. **New Business**

Before proceeding to agenda items, the Committee discussed the need for a review of the entire employee benefit package in light of the changing nature of the Company's business. It was agreed that staff would undertake a study.

A. **Proposal to Change the Vesting Requirements in the McKesson Corporation Retirement Plan**

The Tax Reform Act of 1986 requires the substitution of 5-year cliff vesting or 7-year graded vesting for the current 10-year vesting schedule. Staff proposed the adoption of 5-year cliff vesting in conjunction with the elapsed time method of counting service. The Committee approved this proposal with the following resolutions:

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March 16, 1990

A meeting of the Employee Benefits Committee was held at the Company's offices on March 16, 1990. The meeting convened at 9:00 a.m. Present from the Committee were Garret A. Scholz, Chairman, Ronald C. Anderson, James I. Johnston, Ivan D. Meyerson and Douglas E. Nelson. Committee member Joseph E. Polastri joined the meeting at 9:25 a.m.

Present from the staff were Christopher R. Maher, Michael Nabors and Caroline Weir. Present from the firm of TPF&C was Martin E. Miller, FSA, who provided consulting services in connection with Agenda Items IIA and IIB.

Mr. Nabors left the meeting after discussion of Agenda Item IID. Mr. Miller left the meeting after discussion of Agenda Item IIB. Mr. Johnston left the meeting after discussion of Agenda Item IIF.

Approval of Minutes

The minutes of the meeting held on August 2, 1989 were approved.

II. New Business

1. MMI Child Development Center Proposal - Agenda Item IID.

Mike Nabors, Sr. Vice President, Human Resources Development at Mass Merchandising, Inc. (MMI) presented the MMI Child Development Center proposal to the Committee. This proposal calls for the purchase of an existing day care center in Harrison, Arkansas by MMI and its subsequent operation by MMI for the children of local MMI employees. It was recommended that MMI subsidize employee fees in accordance with attachment H of the proposal. This required amendment of MMI's Flexible Benefits Plan which provides for dependent care through salary reduction. Mr. Nabors reported that employee demographics at MMI Harrison suggested the need for day care assistance and that several employee surveys had confirmed this need.

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The results of MMI's analysis were reviewed with the Committee. The Center is expected to run an operating loss initially and perhaps in subsequent years. However MMI believes that this loss will be offset by a reduction in turnover costs and possibly by a reduction in the duration of Short-Term disability claims arising from pregnancy.

The Committee discussed the proposed policies to minimize risk and directed MMI to review further whether separate liability coverage for the center was appropriate.

The Committee then endorsed the proposal and directed staff to prepare the necessary Plan amendments for adoption by the Company.

2. PSIP Participation Report

Staff reported on the increase in participation resulting from the introduction of the 1989 ESOP and the subsequent membership drive. Enrollment by operating group is included as Attachment A to these minutes. Participation increased from 68% in November 1989 to 82% as of March 1, 1990.

The Committee requested that Staff report PSIP participation by distribution center for Drug operations and by business unit for Service Merchandising operations. This has since been done.

3. McKesson Corporation Employees' Long-Term Disability Plan Funding Review - Agenda Item IIA

Staff presented the report on the Plan's current funding deficiency. The report offered two options which required increases in employee contributions and a subsidy from the Company.

The Committee reviewed the costs of these options to the Company and their impact on benefit payments and plan participants. There was some discussion as to the appropriateness of rating employee contributions by age, industry or type of work, e.g., blue collar and white collar jobs. It was agreed that as an interim measure, employee contribution rates should be increased by twenty percent effective July 1, 1990. The Committee endorsed a recommendation for Management approval that the Company contribute sufficient funds to the Plan in FY'91 to avoid the cashflow problem.

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there should be additional communication to employees of the value of the entire benefits package, and the Company cost for the package. Staff were directed to provide annual employee benefits statements to achieve this objective.

III. New Business

A. Maintenance of Effort

Staff reported on the provisions of the Medicare Catastrophic Act which requires employers to rebate to plan participants the value of benefits duplicated by Medicare improvements. After consideration of the options, the Committee approved staff's recommendation to rebate in cash the lesser of the HCFA calculated actuarial value or the actuarial value determined for the McKesson plan.

B. Amendment to McKesson Corporation Employees' Long-Term Disability Plan

In light of a recent court decision, Firestone v. Bruch, staff proposed clarification in the Plan Document of the discretionary powers of the Plan Administrator. The Committee agreed and amended the Plan with the following resolution:

RESOLVED that, effective August 2, 1989, Article 8, Section 8.1 of the McKesson Corporation Employees' Long-Term Disability Plan as restated effective January 1, 1985, (the "Plan") and Article 8 of the Plan as amended by the Employee Benefits Committee Resolution of March 27, 1983, be and hereby are amended to read in full:

(1) Responsibilities of the Committee.

The Plan Administrator is the Committee and shall have the responsibility for the general administration of the Plan and the responsibility for carrying out the provisions hereof and shall be the "administrator" of the Plan within the meaning of ERISA. The Plan Administrator is charged with the responsibility for compliance with the ERISA reporting and disclosure requirements. The Plan Administrator shall have the exclusive rights

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to interpret the terms and provisions of the Plan and to determine any and all questions arising thereunder or in connection with the administration thereof, including, without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions, and in doing so, it will endeavor to act in such a way, by general rule or particular decision, as not to discriminate in favor of any class of Employees or Participants. The Plan Administrator shall have such powers and perform such duties as are necessary for the proper operation of the Plan. This shall include, from time to time, designating representatives who shall carry out the delegated responsibilities on behalf of the Plan Administrator. Contemplated designees include, but are not limited to a Claims Administrator. All such designees shall serve at the pleasure of the Plan Administrator and, if employees, shall serve without compensation. All interpretations, determinations and decisions of the Plan Administrator in respect of any matter or question hereunder shall be final, conclusive and binding upon all persons, including, but not by way of limitation, all Participants, Employees, and any others having or claiming to have any interest in or under the Plan.

C. Inclusion of Zee Medical Corpus Christi Regional Sales Center Employees in McKesson Benefit Plans

The Committee designated Zee's Corpus Christi Regional Sales Center employees eligible for participation in McKesson benefit plans with the following resolution:

RESOLVED, that the employees of Zee Medical's Corpus Christi Regional Sales Center who became employees of the McKesson Corporation as a result of the acquisition of the former distributorship by McKesson (the "Acquisition") on April 1, 1988, shall be eligible to participate in the Short and Long Term Disability plans as of August 1, 1989. For the Short Term Disability Plan, service prior to August 1, 1989 will count towards the required waiting period of said plan. Benefit levels associated with length of service will be based on

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MINUTES OF THE MEETING
OF THE MCKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE

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August 2, 1989

A meeting of the Employee Benefits Committee was held at the Company's offices on August 2, 1989. The meeting convened at 9:40 a.m. Present from the Committee were Alan J. Seelenfreund, Chairman, Rex R. Malson, Kenneth C. Hicken, Ronald C. Anderson, Ivan D. Meyerson, and Douglas E. Nelson. Present from the staff were Christopher R. Maher and Caroline Weir. Committee member James I. Johnston joined the meeting at 10:00 a.m.

I. Approval of Minutes

The minutes of the meetings held on the following dates were approved: March 7 and 8, 1989; March 30, 1989; May 18, 1989; and June 23, 1989.

II. Old Business

A. FY'90 Health Care Cost Update

Staff presented an interim review of FY'90 projected costs, based on trend in the 12 months ended May of 1989. From this review, it appears no revision is required to the projection of \$47.3 million in FY'90 Company costs. The Committee directed staff to update reports on the components of health care increases, including price and utilization and to report specifically on prescription trends and utilization of generics.

B. 1990 Health Care Changes - Finalization

The Committee reviewed the proposed coverage changes agreed to at the meeting of May 18, 1989. At that meeting, the Committee had directed staff to recalculate savings from employee contributions if MMI rates were set below other employees' rates. Staff presented two options. A discussion ensued concerning the equity of providing lower employee contribution rates for MMI employees. The Committee concluded that uniform contribution rates were more equitable and agreed to recommend the rates set out in Attachment A.

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The possibility of applying major-medical style deductibles and copays to the PCS drug program was discussed. Application of this change was deferred to a later period. The Committee referred for management action staff's recommendation to increase from \$3 to \$5 the current PCS copay applicable to active and retired employees enrolled in the current McKesson A and PPO plans.

The Committee endorsed staff's recommendation to delete the second surgical opinion program from the current McKesson A, McKesson C, and PPO plans.

Arising from the discussion on the administrative complexities of installing major-medical style copays and deductibles under the PCS program, the Committee directed staff to review the feasibility of collecting dependent data for health plan participants and conduct a claims audit of the Plan Claims Administrator.

Subsequent to the meeting, the Committee's recommendation for all health plan changes proposed by the Staff, effective January 1, 1990, was submitted to, and approved by Neil Harlan, Chairman, President, and CEO. This approval is appended as Attachment A.

C. Dental Maintenance Organization

The Committee endorsed staff's recommendation to offer active employees and future retirees the CIGNA dental plan as an alternative to the McKesson dental program, effective January 1, 1990. First-year savings were projected at \$214,000 assuming a 30% transfer to the CIGNA plan.

D. Flexible Benefits Update

Staff presented a summary of previously discussed objectives and benefits deriving from a Flexible Benefits program, together with installation cost estimates from several consultants.

After discussion, the Committee decided not to recommend adoption of flexible benefits at McKesson. However, the Committee agreed that

December 18, 1989

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The Committee reviewed the proposed coverage changes agreed to at the meeting of May 18, 1989. At that meeting, the Committee had directed staff to recalculate savings from employee contributions if MMI rates were set below other employees' rates. Staff presented two options. A discussion ensued concerning the equity of providing lower employee contribution rates for MMI employees. The Committee concluded that uniform contribution rates were more equitable and agreed to recommend the rates set out in Attachment A.

PLAN-0167

AMENDMENT TO THE MCKESSON CORPORATION
EMPLOYEES' LONG TERM DISABILITY BENEFIT PLAN

McKesson Corporation, a Maryland corporation ("Maryland"), having established the McKesson Corporation Employees' Long Term Benefit Disability Plan (the "Plan"), effective as of December 1, 1976, and having restated the Plan effective January 1, 1985 and having amended the Plan from time to time thereafter, hereby further amends the Plan, effective as of July 31, 1987, to substitute for itself McKesson Corporation, a Delaware corporation ("Delaware"), and Delaware accepts and approves such substitution, as follows:

1. Section 1.1 is amended by adding the words "a Delaware corporation" after the words "McKesson Corporation" in each place those words occur.

The Amendment to this Plan executed December 29, 1987 inadvertently amended the December 1, 1976 statement of the Plan and is hereby rescinded, effective July 31, 1987 and this Amendment is substituted therefor.

IN WITNESS WHEREOF, Delaware and Maryland, by their respective duly authorized officers, have executed this Amendment on the date indicated below:

MCKESSON CORPORATION, a Delaware
corporation

PLAN-0168

Date:

10/28/88

By:

Title:

[Signature]
[Title]

MCKESSON CORPORATION, a Maryland
corporation

Date:

10/28/88

By:

Title:

[Signature]
VICKI BRESNAHAN

MINUTES OF THE McKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE MEETING

July 27, 1988

A meeting of the Employee Benefits Committee was held at the Company's offices on July 27, 1988. Present from the Committee were Alan J. Seelenfreund, Chairman, Rex R. Malson, Donald B. Dahlin, Kenneth C. Hicken, James I. Johnston, Ronald C. Anderson, Ivan D. Meyerson, and Joseph L. Garde. Present from the staff were Garret A. Scholz, Thomas B. Simone, Christopher R. Maher and Caroline Weir. Martin A. Miller from the consulting firm of TPF&C was also present.

I. Changes in Committee Membership

The Chairman announced the appointment to the Committee of Ivan D. Meyerson, Vice President, General Counsel, and Douglas E. Nelson, President of the Water Division. The retirement from the Committee of Joseph L. Garde was also announced, and the Chairman thanked Mr. Garde for his past contribution to the Committee.

II. The minutes of the meeting of the Committee held on June 22, 1988 were approved.

III. Old Business

A. Proposal to Fund Deficiency in McKesson Corporation Employees' Long-Term Disability Plan.

Staff outlined the options to restore the LTD plan to adequate funding. These include raising employee contributions, reducing benefits, making an employer contribution or loan, or some combination of these alternatives.

Committee members then reviewed each of these options in detail, referring to the financial projections previously prepared by TPF&C and staff.

The options of a Company contribution or loan were examined in light of their impact on the Corporation's cash flow and the negative tax impact on current and future plan beneficiaries. The Committee also considered that these options were inconsistent with the intent that voluntary LTD coverage remain a wholly employee-paid plan.

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EMPLOYEE BENEFITS COMMITTEE MEETING
July 27, 1988

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After rejecting these two options, the Committee considered the various rate alternatives and assumptions made in the financial projections presented, and approved the adoption of a rate increase effective January 1, 1989. The approved monthly rate effective that date will be \$.75 per \$100 of covered salary for salary up to \$2500 per month, and \$1.10 per \$100 for salary above \$2500.

There was general agreement that a reduction in the duration of benefits was appropriate, aside from any funding requirements. Based on the previously reported claims experience, the Committee approved the reduction from 24 months to 18 months for benefits payable for the period during which a claimant is disabled for his own occupation. This change will apply to claimants whose disability begins on or after January 1, 1989.

The Committee's action was incorporated in the following resolution:

RESOLVED, that effective January 1, 1989 for a Disability commencing after that date, Sections 1.3 and 4.4C of the McKesson Corporation Employees' Long Term Disability Plan are amended by changing "thirty (30)" in Section 1.3 to "twenty-four (24)" and "twenty-four (24)" in Section 4.4C to "eighteen (18)".

RESOLVED, further, that effective January 1, 1989, the monthly employee contribution rate for coverage under the McKesson Corporation Employees' Long Term Disability Plan shall be:

- a) for covered pay up to and including \$2500 per month: \$.75 per \$100 of covered pay; and
- b) for covered pay above \$2500 per month: \$1.10 per \$100 of covered pay.

IV. New Business

- A. Since the meeting of July 27, 1988, the Committee has taken the actions indicated below following circulation of written benefit plan appeals.

PLAN-0170

MINUTES OF THE MCKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE MEETING
July 27, 1988

Page 2

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PLAN-0171

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EMPLOYEE BENEFITS COMMITTEE MEETING

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Enactment of this legislation was projected to add 20% to the Company's current health care expense. There was general discussion of the need to offset these additional costs with other benefit reductions.

M. McKesson Corporation Employees' Long-Term Disability Plan
Mohawk and ADEA Amendments

Staff recommended three amendments to the LTD plan. The first reflected the change from Company-paid to Employee-paid contributions for Mohawk employees. The second conformed the Plan to changes in the requirements of the Age Discrimination in Employment Act. The third allowed employees to assign LTD benefits to reimburse the Company for advances made in lieu of disability benefits.

The Committee approved all of these amendments with the following resolutions:

RESOLVED, that effective July 1, 1987, Section 7.2 of the McKesson Corporation Employees' Long-Term Disability Plan Document is deleted in its entirety; and,

RESOLVED FURTHER, that effective January 1, 1987, Section 1.4 of the McKesson Corporation Employees' Long-Term Disability Plan document is amended to read as follows:

"Employee" shall mean a person who is a regular, United States employee of the Company, whose customary work week is not less than the usual full-time work schedule of the unit in which he or she is employed, and who is not covered by a collectively bargained Health and Welfare Plan."; and,

RESOLVED FURTHER, subparagraph F) of the second paragraph of Section 4.4 of the McKesson Corporation Employees' Long Term Disability Plan Document is amended to read as follows:

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<u>Age of Disability</u>	<u>Duration of Benefits</u>
61 and younger	Through the month during which age 65 is attained
62	3 years, 6 months
63	3 years
64	2 years, 6 months
65	2 years
66	1 year, 9 months
67	1 year, 6 months
68	1 year, 3 months
69 and older	1 year

and,

RESOLVED FURTHER, that effective May 1, 1988 the McKesson Corporation Employees' Long-Term Disability Plan Document is amended by the addition of this paragraph to Section 5.6:

Regardless of the non-alienation provisions of the previous paragraphs, Participant shall have the power to authorize Plan to withhold from benefits payable to Participant and pay directly to Company any amounts the Company advances to Participant pending Participant's receipt of his or her first payment of Plan benefits. The authorization shall be in a form approved by the Plan Administrator.

H. McKesson Corporation Health Plan FY'89 Company Costs

Staff reported on claims experience in the first 4 months of 1988 and on the impact of adverse selection on FY'89 Company Costs.

Claims Experience

Claims experience through April 1988 has been inflated by an extraordinary number of large claims. Excluding large claims, initial 1988 experience appears to validate the trend factors used in projecting FY'89 costs. The significantly higher costs of Water employees was noted, as was the high rate of increase in the Southern California PPO.

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MINUTES OF THE MCKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE MEETING
June 22, 1988

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<u>Age of Disability</u>	<u>Duration of Benefits</u>
61 and younger	Through the month during which age 65 is attained
62	3 years, 6 months
63	3 years
64	2 years, 6 months
65	2 years
66	1 year, 9 months
67	1 year, 6 months
68	1 year, 3 months
69 and older	1 year

and,

RESOLVED FURTHER, that effective May 1, 1988 the McKesson Corporation Employees' Long-Term Disability Plan Document is amended by the addition of this paragraph to Section 5.6:

Regardless of the non-alienation provisions of the previous paragraphs, Participant shall have the power to authorize Plan to withhold from benefits payable to Participant and pay directly to Company any amounts the Company advances to Participant pending Participant's receipt of his or her first payment of Plan benefits. The authorization shall be in a form approved by the Plan Administrator.

N. McKesson Corporation Health Plan FY'89 Company Costs

Staff reported on claims experience in the first 4 months of 1988 and on the impact of adverse selection on FY'89 Company Costs.

Claims Experience.

Claims experience through April 1988 has been inflated by an extraordinary number of large claims. Excluding large claims, initial 1988 experience appears to validate the trend factors used in projecting FY'89 costs. The significantly higher costs of Water employees was noted, as was the high rate of increase in the Southern California PPO.

**MINUTES OF THE McKESSON CORPORATION
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Enactment of this legislation was projected to add 20% to the Company's current health care expense. There was general discussion of the need to offset these additional costs with other benefit reductions.

**M. McKesson Corporation Employees' Long-Term Disability Plan
Mohawk and ADEA Amendments**

Staff recommended three amendments to the LTD plan. The first reflected the change from Company-paid to Employee-paid contributions for Mohawk employees. The second conformed the Plan to changes in the requirements of the Age Discrimination in Employment Act. The third allowed employees to assign LTD benefits to reimburse the Company for advances made in lieu of disability benefits.

The Committee approved all of these amendments with the following resolutions:

RESOLVED, that effective July 1, 1987, Section 7.2 of the McKesson Corporation Employees' Long-Term Disability Plan Document is deleted in its entirety; and,

RESOLVED FURTHER, that effective January 1, 1987, Section 1.4 of the McKesson Corporation Employees' Long-Term Disability Plan document is amended to read as follows:

"Employee" shall mean a person who is a regular, United States employee of the Company, whose customary work week is not less than the usual full-time work schedule of the unit in which he or she is employed, and who is not covered by a collectively bargained Health and Welfare Plan."; and,

RESOLVED FURTHER, subparagraph F) of the second paragraph of Section 4.4 of the McKesson Corporation Employees' Long Term Disability Plan Document is amended to read as follows:

MINUTES OF THE McKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE MEETING

June 22, 1988

A meeting of the Employee Benefits Committee was held at the Company's offices on June 22, 1988. Present from the Committee were Alan J. Seelenfreund, Chairman, Rex R. Malson, Donald B. Dahlin, James I. Johnston, Ronald C. Anderson, and Joseph L. Garde. Present from the staff were Ivan Meyerson, Christopher Maher and Caroline Weir. Present for the latter part of the meeting from staff was Terry Finney. Present for the discussion of the long-term disability plan was Robert Blum of Orrick, Herrington, & Sutcliffe.

I. The minutes of the meeting of the Committee held on April 14, 1988 were approved after correction of the following points:

The meeting date is corrected from April 13, 1988 to April 14, 1988;

The implementation date for cost sharing in the health plan, referenced in section IIB of the minutes, is corrected from January 1, 1988 to January 1, 1989; and,

The ESOP diversification rules referenced in section IID of the minutes were reported to apply to participants who are age 55 and have 10 or more years of 'service'. The word 'participation' is substituted for 'service'.

II. Old Business

A. Proposal to Fund Deficiency in McKesson Corporation Employees' Long-Term Disability Plan.

Staff outlined the options to restore the LTD plan to adequate funding. These include raising employee contributions, reducing benefits, making an employer contribution, or some combination of these alternatives.

A lengthy discussion of these options then ensued, including review of the impact on plan enrollment of implementing each option, the tax affect on participants and the accounting and cash flow affect on the Company.

MINUTES OF THE MCKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE MEETING
June 22, 1988

Page 2

The Committee was uncomfortable with the magnitude of the proposed 3.7 million dollar company contribution and asked the staff to further review the Committee's options with the objective of minimizing the affect on both the Company and the employees.

B. Proposal to Grant Creditable Service Under the Retirement Plan to Visitacion Associates' Employees That Are Rehired By McKesson Corporation

The Committee approved the following resolution after discussion:

RESOLVED, that Section 3. "Vesting and Breaks in Service" is amended by adding the following subsection at the end thereof:

"(4) Special Rule for Certain Employees of Visitacion Associates. If a Participant was employed by McKesson Corporation ("McKesson"), thereafter immediately became employed by Visitacion Associates (a joint venture in which McKesson participated), and thereafter immediately became employed by McKesson, his service with Visitacion Associates shall be treated as service with McKesson for all purposes under this Plan."

III. New Business

Before proceeding to agenda items, the Committee discussed the need for a review of the entire employee benefit package in light of the changing nature of the Company's business. It was agreed that staff would undertake a study.

A. Proposal to Change the Vesting Requirements in the McKesson Corporation Retirement Plan

The Tax Reform Act of 1986 requires the substitution of 5-year cliff vesting or 7-year graded vesting for the current 10-year vesting schedule. Staff proposed the adoption of 5-year cliff vesting in conjunction with the elapsed time method of counting service. The Committee approved this proposal with the following resolutions:

PLAN-0178

projected for that year. The expected Company contributions for FY'91 totals approximately \$800,000, including administrative expenses paid by the Company outside the Plan.

The Committee directed staff to produce further proposals for review. These proposals will include age-rated contribution rates and the possibility of linking participation in the LTD plan to participation in the health plan. These proposals and proposals for future rate increases will be produced after the implementation of the July 1 increase in employee contributions so that the effect of that rate increase on participation can be taken into account.

4. Review of Employee Health Care Costs - Agenda Item IIC

The Committee reviewed staff's report on FY'90 and projected FY'91 Company costs for employee health care. FY'90 costs were expected to be under-budget by approximately \$4.5 million, largely due to a reduction in trend and a reduction in large claims. FY'91 costs are expected to be \$47.6 million, a 14% increase over FY'90 costs.

The Committee discussed staff's report on the savings on prescription drug costs which would result from the implementation of PCS's MAC program. It was decided that this program should not be introduced as it could adversely affect the Company's relations with suppliers.

5. Retiree Health Care - Additional Grandfathering for Future Retirees - Agenda Item IIB

The Committee reviewed staff's report on various options to modify the 1991 plan for retire health coverage. This report had been prepared at the Management's direction following reports that older employees were dissatisfied with the 1991 plan.

The Committee discarded each of the options presented which would have continued post-retirement health coverage on a defined benefit basis. Discussion focussed on the report's Option Four, which provided access to retiree health coverage after age 65 but defined the Company's contribution to the cost of coverage as a fixed dollar amount.

ACTION BY UNANIMOUS WRITTEN CONSENT OF THE
EMPLOYEE BENEFITS COMMITTEE OF THE
BOARD OF DIRECTORS
OF
MCKESSON CORPORATION

The undersigned, constituting all of the members of the Employee Benefits Committee of the Board of Directors of McKesson Corporation, a Delaware corporation, acting without the formality of convening a meeting pursuant to Section 141(f) of the Delaware General Corporation Law and Article III, Section 10 of the By-Laws of the Corporation, do hereby consent to and adopt the following resolutions:

RESOLVED, that, effective May 30, 1990, appeals from health and disability benefit decisions be, and they hereby are, delegated to the Director of Compensation and Benefits, as authorized by Section 33.2 C of the McKesson Corporation Health Plan, Sections 1.2 and 8.1 of the McKesson Corporation Employees' Long Term Disability Benefit Plan, and the general claims procedures provisions of the McKesson Corporation Short Term Disability Plan; and

RESOLVED, FURTHER, that the Director of Compensation and Benefits must, for informational purposes, review each benefits decision determined by him with the Committee member from the claimant's operating group before communicating the decision to the claimant.

AMENDMENT TO THE MCKESSON CORPORATION
EMPLOYEES' LONG TERM DISABILITY PLAN

McKesson Corporation, a Maryland corporation ("Maryland"), having established the McKesson Corporation Employees' Long Term Disability Plan, effective as of December 1, 1976, and having amended the Plan from time to time thereafter, hereby further amends the Plan, effective as of July 31, 1987, to substitute for itself McKesson Corporation, a Delaware corporation ("Delaware"), and Delaware accepts and approves such substitution, as follows:

1. The second sentence of Section 1 is amended by deleting the words "Foremost-McKesson, Inc." and substituting therefor the words "McKesson Corporation, a Delaware corporation."

2. Section 6(b)(4) is amended by deleting the words, "Foremost-McKesson, Inc." and substituting therefor the words "McKesson Corporation."

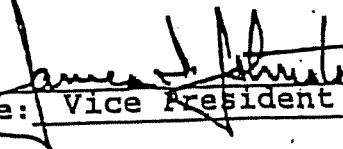
*we have
6(b)(4)
except
8-5
done*

IN WITNESS WHEREOF, Delaware and Maryland, by their respective duly authorized officers, have executed this Amendment on the date indicated below:

PLAN-0181

MCKESSON CORPORATION, a Delaware
corporation

Date: December 29, 1987

By: 
Title: Vice President

MCKESSON CORPORATION, a Maryland
corporation

Date: December 29, 1987

By: 
Title: Executive Vice President

**MINUTES OF THE McKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE MEETING**

AUGUST 12, 1987

A meeting of the Employee Benefits Committee was held at the company's offices on August 12, 1987. Present from the committee were Alan Seelenfreund, Chairman, Rex R. Malson, Kenneth C. Hicken, Ronald C. Anderson, Joseph Garde, and James I. Johnston. Present from the staff were Ivan Meyerson, Chuck Woods, Garret Scholz, Ron Pohls, Bill Armstrong, Caroline Weir, and Chris Maher.

I. Old Business

- A. Changes to the health plan were proposed to achieve a \$5 million savings. Much discussion ensued regarding the corporation's interest in providing its employees with reasonable health insurance coverage while providing the shareholders with adequate return on their investment. Following the discussion of specific proposals, more alternatives were added for review. Following the meeting and after additional cost information was reviewed by individual committee members, a final recommendation was approved. The health plan changes approved by consensus of the committee in late August, 1987 were:

--The medical and dental plans would be offered separately.

--All employee contributions would be made on a pre-tax basis.

--A separate indemnity plan with lower benefits and higher deductibles, Plan C, would be offered as an alternative to Plan A and HMO's.

--Employee contributions would be:

	<u>Employee</u>	<u>Employee & Spouse</u>	<u>Employee & Children</u>	<u>Family</u>
Medical				
Plan A	\$8	\$16	\$16	\$32
Plan C	2	4	4	8
HMO	4	8	8	16
Dental	2	4	4	8

II. New Business

- A. The Proposal to amend the Long Term Disability Plan to include deferred salary as covered basic salary was approved with the following resolution:

PLAN-0182

MINUTES OF THE McKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE
AUGUST 12, 1988
Page 2

RESOLVED, that effective September 1, 1987, the McKesson Corporation Employees' Long-Term Disability Plan be amended to provide that the definition of Basic Salary is changed to also include any amounts of salary which the employee has elected to defer under the Corporation's Deferred Compensation Administration Plan.

RESOLVED, FURTHER, that the Vice President of Personnel is authorized to execute an amendment to the McKesson Corporation Employee's Long-Term Disability Plan to carry out the purpose of the preceding resolution.

- B. The proposal to integrate McKesson ITD employees who work in California into the McKesson Corporation benefit plans was approved with the following resolution:

RESOLVED, that all McKesson Delaware employees shall be eligible to continue participation in the McKesson Corporation Health Plan as of August 1, 1987, in accordance with terms and conditions of that Plan. Their effective date of coverage for the pre-existing condition provision of the McKesson Corporation Health Plan will remain the same as their effective date prior to August 1, 1987; and

RESOLVED, FURTHER, that all McKesson Delaware employees shall be eligible to continue participation in the McKesson Corporation Long Term Disability Plan as of August 1, 1987, in accordance with the terms and conditions of that Plan. Their effective date of coverage for the pre-existing condition provision will remain the same as their effective date prior to August 1, 1987; and

RESOLVED, FURTHER, that all McKesson Delaware employees shall be eligible to continue participation in the McKesson Corporation Short Term Disability Plan as of August 1, 1987, in accordance with the terms and conditions of that Plan. Their prior service with McKesson Corporation will count towards the calculation of their maximum benefit; and

RESOLVED, FURTHER, that all McKesson Delaware employees shall be eligible to continue McKesson Corporation Employee and Dependent Life Insurance and Accidental Death and Dismemberment coverage as of August 1, 1987, in accordance with the terms and conditions of that Plan; and

MINUTES OF THE MCKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE
AUGUST 12, 1988
Page 2

RESOLVED, that effective September 1, 1987, the McKesson Corporation Employees' Long-Term Disability Plan be amended to provide that the definition of Basic Salary is changed to also include any amounts of salary which the employee has elected to defer under the Corporation's Deferred Compensation Administration Plan.

RESOLVED, FURTHER, that the Vice President of Personnel is authorized to execute an amendment to the McKesson Corporation Employee's Long-Term Disability Plan to carry out the purpose of the preceding resolution.

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RESOLVED, FURTHER, that all McKesson Delaware employees shall be eligible to continue participation in the McKesson Corporation Long Term Disability Plan as of August 1, 1987, in accordance with the terms and conditions of that Plan. Their effective date of coverage for the pre-existing condition provision will remain the same as their effective date prior to August 1, 1987; and

RESOLVED, FURTHER, that all McKesson Delaware employees shall be eligible to continue participation in the McKesson Corporation Short Term Disability Plan as of August 1, 1987, in accordance with the terms and conditions of that Plan. Their prior service with McKesson Corporation will count towards the calculation of their maximum benefit; and

RESOLVED, FURTHER, that all McKesson Delaware employees shall be eligible to continue McKesson Corporation Employee and Dependent Life Insurance and Accidental Death and Dismemberment coverage as of August 1, 1987, in accordance with the terms and conditions of that Plan; and

MINUTES OF THE McKESSON CORPORATION
EMPLOYEE BENEFITS COMMITTEE MEETING

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--The medical and dental plans would be offered separately.

--All employee contributions would be made on a pre-tax basis.

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--Employee contributions would be:

	<u>Employee</u>	<u>Employee & Spouse</u>	<u>Employee & Children</u>	<u>Family</u>
Medical				
Plan A	\$8	\$16	\$16	\$32
Plan C	2	4	4	8
HMO	4	8	8	16
Dental	2	4	4	8

II. New Business

A. The Proposal to amend the Long Term Disability Plan to include deferred salary as covered basic salary was approved with the following resolution:

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MINUTES OF THE MCKESSON, INC.
EMPLOYEE BENEFITS COMMITTEE MEETING
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Page 8

B. (Continued)

as defined in the McKesson Corporation Retirement Plan, or (b) has at least 10 (ten) whole years of continuous employment with McKesson Corporation.

RESOLVED, FURTHER, that the above definition of a "Retiree" shall be used for purposes of determining eligibility for post-retirement coverage under the McKesson Corporation Life Insurance Plan.

C. Dental Benefit Appeal of Mr. R. E. Locke.

The Committee adopted the following resolution, denying Mr. Locke's request.

RESOLVED, that after thorough review by the Employee Benefits Committee, Mr. Locke's appeal for reimbursement of his expenses for an appliance and restorative therapy is denied as these types of expenses are excluded from plan coverage.

D. Dental/Medical appeal by W. Smeal, Jr.

The Committee denied additional benefits to Mr. Smeal under the dental and medical provisions of the plans. The Committee adopted the following resolution regarding Mr. Smeal's case.

RESOLVED, that after thorough review by the Employee Benefits Committee, Mr. Smeal's appeal for reimbursement of dental expenses over and above those already considered and paid is denied, as Mr. Smeal's mouth could have been satisfactorily restored by using a less costly procedure, and as certain procedures used, including precision or semi-precision attachments, bite registrations (panographic tracings) and occlusal adjustment (other than in conjunction with periodontal surgery) are specifically excluded under the plan.

E. Proposal to change LTD Claims Administrator

As a result of continuing difficulties with Prudential's administration of the LTD Plan, the staff has selected a new LTD Plan Administrator. This new administrator is ADJUSTCO, Inc. in Santa Clara. The costs for administration of the plan with ADJUSTCO are essentially the same as they were under Prudential but will be much more effectively managed in the opinion of staff. The trustee, First Interstate Bank, requires official designation of ADJUSTCO as the administrator of the plan for their records as the trustee.

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MINUTES OF THE MCKESSON, INC.
EMPLOYEE BENEFITS COMMITTEE MEETING
January 24, 1985

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E.. (Continued)

RESOLVED, that effective January 1, 1985 ADJUSTCO, Inc. is appointed Claims Administrator for the McKesson Corporation Employee's Long Term Disability Plan.

F. Proposal to Extend Coverage Under the McKesson Employee Benefit Plans to Employees of Johnson Drug Company.

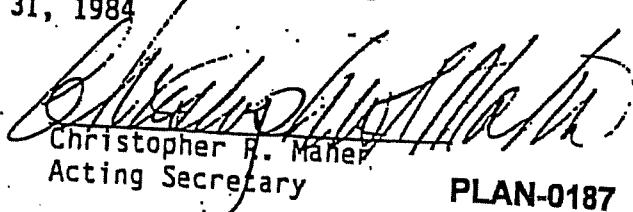
By passage of the following resolutions, the Committee approved the Drug Group's request to cover employees of the recently acquired Johnson Drug Company under the McKesson Employee Benefit Plans as follows:

RESOLVED, that employees of Johnson Drug ("Johnson") who became employees of McKesson Corporation ("McKesson") as a result of the acquisition of Johnson by McKesson on December 11, 1984, shall participate in the McKesson Short Term Disability Plan under its terms and conditions, and shall be eligible to participate in the Long-Term Disability Plan and in the Medical, Dental, and Life Insurance Plan, as of January 1, 1985. The pre-existing condition provision of the Medical Plan shall be applied using the participant's most recent commencement date of coverage under such prior plan provided by Johnson. Employees or dependents not covered under such prior plan shall have the pre-existing condition provision of the Medical Plan applied in the same manner as it is for new employees. The pre-existing condition provision of the Dental Plan, and the deductible provisions of the Medical and Dental Plan, shall be applied in the same manner as it is for new employees.

RESOLVED, FURTHER, that employees of Johnson who became employees of McKesson as a result of the acquisitions shall be eligible to enroll in the McKesson Profit-Sharing Investment Plan as of January 1, 1985, in accordance with the terms and conditions of the Plan. All periods of employment with Johnson shall be deemed service for purposes of the eligibility and vesting provisions of said Plan.

V. Approval of Pension payment made from January through December 1984

The Committee approved the pension payments as outlined in the statements provided detailing such payments for the 12 months period January 1, 1984 until December 31, 1984


Christopher B. Maher
Acting Secretary

PLAN-0187

MINUTES OF THE McKESSON, INC.
EMPLOYEE BENEFITS COMMITTEE MEETING
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Page 8

B. (Continued)

as defined in the McKesson Corporation Retirement Plan, or (b) has at least 10 (ten) whole years of continuous employment with McKesson Corporation.

RESOLVED, FURTHER, that the above definition of a "Retiree" shall be used for purposes of determining eligibility for post-retirement coverage under the McKesson Corporation Life Insurance Plan.

C. Dental Benefit Appeal of Mr. R. E. Locke.

The Committee adopted the following resolution, denying Mr. Locke's request.

RESOLVED, that after thorough review by the Employee Benefits Committee, Mr. Locke's appeal for reimbursement of his expenses for an appliance and restorative therapy is denied as these types of expenses are excluded from plan coverage.

D. Dental/Medical appeal by W. Smeal, Jr.

The Committee denied additional benefits to Mr. Smeal under the dental and medical provisions of the plans. The Committee adopted the following resolution regarding Mr. Smeal's case.

RESOLVED, that after thorough review by the Employee Benefits Committee, Mr. Smeal's appeal for reimbursement of dental expenses over and above those already considered and paid is denied, as Mr. Smeal's mouth could have been satisfactorily restored by using a less costly procedure, and as certain procedures used, including precision or semi-precision attachments, bite registrations (panographic tracings) and occlusal adjustment (other than in conjunction with periodontal surgery) are specifically excluded under the plan.

E. Proposal to change LTD Claims Administrator

As a result of continuing difficulties with Prudential's administration of the LTD Plan, the staff has selected a new LTD Plan Administrator. This new administrator is ADJUSTCO, Inc. in Santa Clara. The costs for administration of the plan with ADJUSTCO are essentially the same as they were under Prudential but will be much more effectively managed in the opinion of staff. The trustee, First Interstate Bank, requires official designation of ADJUSTCO as the administrator of the plan for their records as the trustee.

PLAN-0188

MINUTES OF THE MCKESSON, INC.
EMPLOYEE BENEFITS COMMITTEE MEETING
January 24, 1985

Page 9

E.. (Continued)

RESOLVED, that effective January 1, 1985 ADJUSTCO, Inc. is appointed Claims Administrator for the McKesson Corporation Employee's Long Term Disability Plan.

F. Proposal to Extend Coverage Under the McKesson Employee Benefit Plans to Employees of Johnson Drug Company.

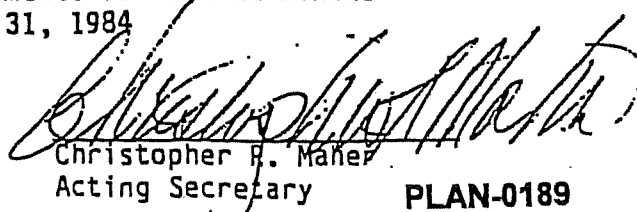
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RESOLVED, that employees of Johnson Drug ("Johnson") who became employees of McKesson Corporation ("McKesson") as a result of the acquisition of Johnson by McKesson on December 11, 1984, shall participate in the McKesson Short Term Disability Plan under its terms and conditions, and shall be eligible to participate in the Long-Term Disability Plan and in the Medical, Dental, and Life Insurance Plan, as of January 1, 1985. The pre-existing condition provision of the Medical Plan shall be applied using the participant's most recent commencement date of coverage under such prior plan provided by Johnson. Employees or dependents not covered under such prior plan shall have the pre-existing condition provision of the Medical Plan applied in the same manner as it is for new employees. The pre-existing condition provision of the Dental Plan, and the deductible provisions of the Medical and Dental Plan, shall be applied in the same manner as it is for new employees.

RESOLVED, FURTHER, that employees of Johnson who became employees of McKesson as a result of the acquisitions shall be eligible to enroll in the McKesson Profit-Sharing Investment Plan as of January 1, 1985, in accordance with the terms and conditions of the Plan. All periods of employment with Johnson shall be deemed service for purposes of the eligibility and vesting provisions of said Plan.

V. Approval of Pension payment made from January through December 1984

The Committee approved the pension payments as outlined in the statements provided detailing such payments for the 12 months period January 1, 1984 until December 31, 1984


Christopher H. Maher
Acting Secretary

PLAN-0189